

Fee report highlights the high price of super fund choice for some Australians

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A new report on fees and returns across Australia's \$2 trillion super sector has found that bank and retail-owned super funds offering 'Choice' products are charging members up to four times more for investment options delivering lower returns.

The report, by the independent research house, SuperRatings and commissioned by The Australian Institute of Superannuation Trustees (AIST), found that when compared on a 'like-for-like' basis with not-for-profit super funds, many members of bank-owned or other retail super funds who make a choice on where to invest their super are generally paying more and getting less.

The report examined fees, investment returns and assets of over 5000 investment options in both the MySuper and Choice environment. It found that when it comes to MySuper default funds, consumers pay on average 28% more if they are in a retail fund or bank-owned fund. By contrast in the Choice environment (where consumers make an active decision to invest in non-MySuper funds) retail and bank-owned funds charge between 85% and 300% more. In the Choice environment, not-for-profit funds on average outperformed retail and bank-owned products over the medium to long term (7 to 10 years).

AIST CEO Tom Garcia said the report highlighted the need for greater disclosure and transparency in the Choice environment so that consumers had a better understanding of the exorbitant fees being charged on some products by some retail and bank-owned funds.

"If you are paying an unreasonably high fee for your super fund, it will materially impact on your retirement savings," Mr Garcia said. "In a compulsory super system, consumers are vulnerable if they are unable to compare the fees and returns of like-for-like products".

Mr Garcia said AIST was calling for a greater alignment between the current disclosure requirements for MySuper products and those in the Choice environment.

"The absence of common disclosure requirements is a structural weakness in Australia's compulsory super system," Mr Garcia said. "Consumers need greater protection."

A copy of the report can be found at AIST's website or downloaded [here](#):

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AIST is the peak industry body for the \$650 billion not-for-profit super sector which includes industry, corporate and public sector funds.